

Message Text

SECRET

PAGE 01 STATE 002200
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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG IMMEDIATE

S E C R E T STATE 002200

NODIS

FOR ASSISTANT SECRETARY HOLBROOKE ONLY

FOLLOWING REPEAT TOKYO 0170 ACTION SECSTATE 05 JAN 78

QUOTE

S E C R E T TOKYO 0170

NODIS

FOR SCHIENMAN, T

E.O. 11652: GDS

TAGS: PARM, ETRD, JA

SUBJECT: SALE OF URANIUM TO JAPAN

REF: STATE 309753

1. USING REFTEL AS BASIS AND WITH DEPARTMENT'S CONCURRENCE WE
PROPOSE TO SEND FOLLOWING LETTER TO PRIME MINISTER FUKUDA FROM
AMBASSADOR AS A REPLY TO HIS SEVERAL QUERIES REGARDING AVAIL-
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ABILITY OF ENRICHED URANIUM FOR SALE TO JAPAN:

2. BEGIN QUOTE:

DEAR MR. PRIME MINISTER:

ON A NUMBER OF OCCASIONS YOU HAVE MENTIONED TO ME THAT YOU

REMAIN INTERESTED IN PURCHASES BY JAPAN OF LARGE QUANTITIES OF ENRICHED URANIUM FROM THE UNITED STATES GOVERNMENT AS ONE MEANS OF REDUCING JAPAN'S LARGE TRADE SURPLUS WITH MY COUNTRY.

I HAVE COMMUNICATED YOUR INTEREST TO MY GOVERNMENT AND HAVE BEEN ADVISED IN RETURN THAT AN ARRANGEMENT OF THE TYPE PROPOSED BY JAPANESE OFFICIALS WOULD REQUIRE A MAJOR CHANGE IN THE U.S. GOVERNMENT'S POLICY ON URANIUM FUEL SALES AND COULD HAVE AN ADVERSE IMPACT ON OVERALL U.S. NON-PROLIFERATION POLICY. THE U.S. GOVERNMENT DOES NOT ITSELF ENGAGE IN THE SALE OF NATURAL URANIUM FEEDSTOCKS AND DOES NOT WISH TO CONSIDER MAKING CHANGES IN ITS URANIUM FUEL POLICY UNTIL IT HAS EVALUATED ALTERNATIVE FUEL ASSURANCE REGIMES THAT ARE BEING STUDIED BOTH IN THE CONGRESS AND WITHIN THE EXECUTIVE BRANCH. WE THEREFORE WISH TO DEFER FURTHER ACTION ON THE JAPANESE REQUEST TO PURCHASE ENRICHED URANIUM UNTIL THE EVALUATION IS COMPLETED.

IN THE INTERIM, THE U.S. GOVERNMENT WISHES TO EXTEND TO THE GOVERNMENT OF JAPAN THE OPPORTUNITY TO MAINTAIN A CONTINUOUS DIALOGUE ON THIS SUBJECT, BOTH BILATERALLY AND THROUGH THE AUSPICES OF THE INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION (INFCE) NOW IN PROGRESS. OUR OBJECTIVE WOULD BE TO FIND A MUTUALLY SATISFACTORY SOLUTION TO THE FUEL ASSURANCE PROBLEM IN TERMS OF BOTH NATURAL URANIUM FEEDSTOCK SUPPLIES AND ENRICHMENT SERVICES. FOR EXAMPLE, WE COULD DISCUSS THE
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PROCUREMENT BY JAPAN OF FURTHER URANIUM ENRICHMENT SERVICES, AND WE ARE ALSO PREPARED TO OFFER OUR GOOD OFFICES IN HELPING JAPAN TO SECURE STABLE SUPPLIES OF NATURAL URANIUM FEEDSTOCKS FROM THE U.S. COMMERCIAL MARKET OR FROM OTHER SUPPLIERS.

I SHOULD ALSO POINT OUT THAT WHILE THE PURCHASE OF A LARGE AMOUNT OF ENRICHED URANIUM FROM THE U.S. WOULD HAVE SOME PSYCHOLOGICAL ADVANTAGES IN THE CONTEXT OF THE BALANCE OF TRADE PROBLEM, IT WOULD NOT SERVE TO ALLEVIATE THE PROBLEM MATERIALLY OVER A PERIOD OF YEARS. WE BELIEVE THAT, AS A GENERAL RULE, OUR BALANCE OF TRADE CONCERNS ARE BEST MET THROUGH EFFORTS TO ACHIEVE STRUCTURAL CHANGES IN TRADING RELATIONS RATHER THAN THROUGH ONE-TIME-ONLY PROCUREMENTS.

THERE MAY BE OTHER PROCUREMENT POSSIBILITIES WITHIN THE NUCLEAR ENERGY FIELD THAT WOULD HAVE MORE LASTING EFFECTS ON THE U.S.-JAPAN BALANCE OF TRADE THAN THE PURCHASE OF ENRICHED URANIUM. I AM THINKING PARTICULARLY OF ADDITIONAL PURCHASES OF NUCLEAR POWER PLANT COMPONENTS OR ADVANCED TECHNOLOGY THEREFORE FROM U.S. REACTOR MANUFACTURERS. THE MANUFACTURERS HAVE PROPOSED SUCH SALES TO THE U.S. SPECIAL TRADE REPRESENTATIVE AND HAVE BEEN DISCUSSING THE POSSIBILITIES WITH

THEIR JAPANESE COUNTERPARTS. THE UNITED STATES WOULD NOT WISH TO
PUT THE
JAPANESE MANUFACTURING INDUSTRY IN JEOPARDY BY THESE SALES,
BUT BELIEVES THAT A MUTUALLY CONSTRUCTIVE PROGRAM COULD BE
DEVELOPED. AGAIN, THE UNITED STATES OFFERS ITS GOOD OFFICES
IN EXPEDITING AN ARRANGEMENT.

SINCERELY,

AMBASSADOR END QUOTE.

3. FYI: WE HAVE MADE NO REFERENCE TO PURCHASE OF URANIUM
ENRICHMENT PLANTS (PARA 5 REFTEL) AND WILL INSURE THAT GOJ
IS INFORMED OF USG POSITION ON THIS ASPECT THROUGH CONTACTS
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AT WORKING LEVEL. WE BELIEVE NOW THAT REFERENCE TO ENRICHMENT
PLANTS ATTRIBUTED TO PRIME MINISTER MAY HAVE BEEN A
MISUNDERSTANDING ON HIS PART DUE TO TRANSLATION PROBLEMS.
END FYI.

4. REQUEST DEPT'S APPROVAL OF TEXT OF PROPOSED LETTER OR
COMMENTS THEREON ASAP.
SHERMAN
UNQUOTE CHRISTOPHER".

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NNN

Message Attributes

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